

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your Existing Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Directors, whose names appear on page 3 of this document, and the Company accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Shares are admitted to trading on AIM. Application has been made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will commence on 7 August 2007.

---

# DCD Media Plc

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3393610)*

## Acquisitions

### **Placing of 10,625,000 New Ordinary Shares at a price of 80 pence per share Proposed Share Consolidation and**

### **Notice of Extraordinary General Meeting**

---

#### **EXPECTED SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION**

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount(£)</i>		<i>Number</i>	<i>Amount(£)</i>
100,000,000	10,000,000	Ordinary shares of 10 pence each	53,064,502	5,306,450
50,933,729	458,404	Deferred shares of 0.9 pence each	50,933,729	458,404

---

**Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 of this document and which recommends you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.**

Evolution, which is authorised and regulated in the UK by the Financial Services Authority, is acting exclusively as nominated adviser and broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Evolution will not be responsible to anyone other than the Company for providing the protections afforded to clients of Evolution, or for advising any other person in connection with the arrangements described in this document. The responsibilities of Evolution as the Company's nominated adviser and broker for the purposes of the AIM Rules are owed to the London Stock Exchange and are not owed to the Company or any Director of it or to any other person. Evolution has not authorised the contents of, or any part of, this document and no representation or warranty, expressed or implied is made by, and no liability whatsoever is accepted by Evolution or any of its directors, officers, employees or agents as to the contents of this document, for the accuracy of any information or opinions contained in this document or for the omission of any information.

The New Ordinary Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia or Japan, nor has any prospectus in relation to the New Ordinary Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the New Ordinary Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States, Canada, Australia or Japan. Overseas Shareholders and any person (including, without limitation, custodians nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

**Notice of an Extraordinary General Meeting of DCD Media Plc, to be held at 30 Farringdon Street, London EC4A 4HJ at 11.00 a.m. on 6 August 2007, is set out at the end of this document. To be valid the accompanying Form of Proxy for use in connection with the meeting should be completed, signed and returned in accordance with the instructions thereon as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 11.00 a.m. on 4 August 2007. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.**

## CONTENTS

	<i>Page</i>
<b>Directors, Secretary and Advisers</b>	3
<b>Placing Statistics</b>	4
<b>Expected Timetable of Principal Events</b>	4
<b>Definitions</b>	5
Part 1 Letter from the Chairman of DCD Media Plc	7
Part 2 Summary of the principal terms of the Acquisition Agreements	13
<b>Notice of Extraordinary General Meeting</b>	15

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	David Keith Elstein Christopher John Hunt Michael William Barton Justin Oliver Thomson Glover Nicola Beverly Davies Williams Simon Peter Douglas Frank Pizey Richard Shirvell Price MBE Tarik Charles Wildman	<i>(Non-executive Chairman)</i> <i>(Chief Executive)</i> <i>(Finance Director)</i> <i>(Box TV Director)</i> <i>(NBD Television Director)</i> <i>(Done and Dusted Director)</i> <i>(Non-executive Director)</i> <i>(Non-executive Director)</i>
<b>Company Secretary</b>	John Bottomley	
<b>Registered Office</b>	30 Farringdon Street London EC4A 4HJ	
<b>Nominated Adviser and Broker</b>	Evolution Securities Limited 9th Floor 100 Wood Street London EC2V 7AN	
<b>Solicitors to the Company</b>	Harbottle & Lewis LLP Hanover House 14 Hanover Square London W1S 1HP	
<b>Solicitors to the Placing</b>	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA	
<b>Reporting Accountant</b>	BDO Stoy Hayward LLP Kings Wharf 20-30 Kings Road Reading Berkshire RG1 3EX	
<b>Auditors</b>	BDO Stoy Hayward LLP Fourth Floor One Victoria Street Bristol BS1 6AA	
<b>Registrars</b>	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA	

## PLACING STATISTICS

Placing Price	80p
Number of Placing Shares being placed on behalf of the Company	10,625,000
Proceeds receivable by the Company, before expenses	£8.5 million
Number of Ordinary Shares in issue following Admission	53,064,502
Number of Placing Shares as a percentage of the enlarged issued share capital	20.02%

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

*2007*

Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 4 August
Extraordinary General Meeting	11.00 a.m. on 6 August
Admission and dealings in the New Ordinary Shares expected to commence on AIM	8.00 a.m. on 7 August
Expected date for CREST stock accounts to be credited for New Ordinary Shares in uncertificated form	7 August
Definitive share certificates for New Ordinary Shares expected to be dispatched by	14 August

## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Acquisitions”	the proposed acquisitions by DCD Media of Prospect Pictures Limited, September Holdings Limited and West Park Pictures Limited pursuant to the Acquisition Agreements
“Acquisition Agreements”	the Prospect Acquisition Agreement, the September Acquisition Agreement and the West Park Acquisition Agreement
“Act”	the Companies Act 1985 (as amended)
“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 33 of part one of the AIM Rules
“AIM”	the AIM Market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by London Stock Exchange from time to time.
“certificated form” or “in certificated form”	an Ordinary Share recorded on a company’s share register as being held in certificated form (namely, not in CREST)
“Company” or “DCD Media”	DCD Media Plc
“Completion”	completion of the Acquisitions in accordance with the terms of the Acquisition Agreements
“Consideration Shares”	the 11,918,793 Ordinary Shares to be issued to the Vendors pursuant to the Acquisition Agreements
“Consolidation”	the proposed consolidation of each one hundred ordinary shares of 0.1 pence each in the capital of the Company into one new ordinary share of 10 pence each
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the operator (as defined in those regulations)
“Deferred Shares”	the deferred shares of 0.9 pence each in the capital of the Company
“Directors” or “Board”	the directors of the Company whose names are set out on page 7 of this document, or any duly authorised committee thereof
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 11.00 a.m. on 6 August 2007
“EGM Notice”	the notice convening the EGM, which is set out on pages 15 and 16 of this document
“Enlarged Group”	the Group, as enlarged following Completion
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Evolution”	Evolution Securities Limited, the Company’s nominated adviser and broker

“Existing Shares”	the 3,052,070,842 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM
“Form of Proxy”	the form of proxy for use in connection with the EGM which accompanies this document
“Group”	the Company, its subsidiaries and its subsidiary undertakings
“Loan Note Shares”	up to 4,545,455 new Ordinary Shares which may be issued to holders of the proposed convertible loan notes detailed on page 10 of this document on conversion of the loan notes
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Consideration Shares and the Placing Shares
“Ordinary Shares”	the ordinary shares of 0.1 pence each in the capital of the Company as at the date of this document, and, following the EGM and subject to the passing of Resolution 3, the new ordinary shares of 10 pence each
“Placing”	the conditional placing of the Placing Shares by Evolution, as agent on behalf of the Company, pursuant to the Placing Agreement, further details of which are set out in this document
“Placing Agreement”	the conditional agreement dated 11 July 2007 and made between Evolution and the Company in relation to the Placing, further details of which are set out in this document
“Placing Price”	80 pence per Placing Share
“Placing Shares”	the 10,625,000 Ordinary Shares which are the subject of the Placing
“Prospect Acquisition Agreement”	the conditional agreement dated 11 July 2007 relating to the proposed acquisition of Prospect Pictures Limited, further details of which are set out in Part 2 of this document
“Prospect Vendors”	the Vendors listed in the Prospect Acquisition Agreement
“Resolutions”	the resolutions set out in the EGM Notice
“September Acquisition Agreement”	the conditional agreement dated 11 July 2007 relating to the proposed acquisition of September Holdings Limited, further details of which are set out in Part 2 of this document
“September Vendors”	the Vendors listed in the September Acquisition Agreement
“Shareholders”	holders of Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, each State thereof, its territories and possessions (including the District of Columbia) and all other areas subject to its jurisdiction
“uncertificated” or “in uncertificated form”	an Ordinary Share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 2001, may be transferred by means of CREST
“Vendors”	the selling shareholders as set out in the Acquisition Agreements
“West Park Acquisition Agreement”	the conditional agreement dated 11 July 2007 relating to the proposed acquisition of West Park Pictures Limited, further details of which are set out in Part 2 of this document
“West Park Vendors”	the Vendors listed in the West Park Acquisition Agreement

## PART 1

### LETTER FROM THE CHAIRMAN OF DCD MEDIA PLC

#### DCD Media Plc

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3393610)*

*Directors:*

David Keith Elstein *(Non-executive Chairman)*  
Christopher John Hunt *(Chief Executive)*  
Michael William Barton *(Finance Director)*  
Justin Oliver Thomson Glover *(Box TV Director)*  
Nicola Beverly Davies Williams *(NBD Television Director)*  
Simon Peter Douglas Frank Pizey *(Done and Dusted Director)*  
Richard Shirvell Price MBE *(Non-executive Director)*  
Tarik Charles Wildman *(Non-executive Director)*

*Registered Office:*

30 Farringdon Street  
EC4A 4HJ

11 July 2007

*To Shareholders*

Dear Shareholder,

#### Acquisitions

**Placing of 10,625,000 new Ordinary Shares at a price of 80p per share  
Proposed Share Consolidation**

**and**

**Notice of Extraordinary General Meeting**

#### 1. Introduction and summary

Your Board announced today that the Company had conditionally agreed to acquire the entire issued share capital of each of Prospect Pictures Limited, September Holdings Limited and West Park Pictures Limited for an aggregate consideration of £19.1 million, comprising approximately £9.37 million in cash, £0.18 million in loan notes and £9.55 million in new Ordinary Shares.

These companies operate in the areas of factual TV production, lifestyle TV production and factual entertainment TV production and meet the Company's criteria for growth by acquisition. Further details of the Acquisitions and the Acquisition Agreements are set out below and in Part 2 of this document.

In order to part finance the Acquisitions, the Company proposes to raise approximately £8.5 million (before expenses) by way of a placing of 10,625,000 new Ordinary Shares at a price of 80p per share. The Placing is conditional, *inter alia*, upon the Company obtaining approval from its Shareholders to disapply statutory pre-emption rights and to grant the Board authority to allot the New Ordinary Shares. The Placing, which has been arranged by Evolution pursuant to the terms of the Placing Agreement, is also conditional upon Admission and has been fully underwritten by Evolution. In addition, the Company has agreed in principle to raise £4 million in convertible loan from certain institutional investors. Completion of the Acquisitions and the Placing is conditional on finalisation of the loan note documentation, which is expected to be in place by 3 August 2007. Such documentation will be based on the documentation in respect of the Company's existing convertible loan notes.

**The purpose of this document is to provide you with information about the background to and the reasons for the Acquisitions and the Placing, to explain why the Board considers the Acquisitions and the Placing to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the EGM, notice of which is set out at the end of this document.**

## **2. Background to and reasons for the Acquisitions**

The Company has made significant progress recently in shifting its focus towards production from the distribution of programme content for TV. The acquisition programme started in late 2005 with the acquisitions of NBD Television Limited and Box TV Limited, which were followed in February 2006 by the acquisition of Done and Dusted Group Limited. The Group is now recognised as a leading vertically integrated TV producer and distributor, focused on the arts, entertainment and drama. In addition to continuing organic growth, it is part of the Group's strategy to make further acquisitions within other genres, including lifestyle and factual production, which it believes will create commercial synergies.

The market dynamics are currently very positive for the Group. The 2004 Ofcom Code of Practice gave independent production companies the right for the first time to exploit the international rights in programmes they produce for the major UK broadcasters. This structural change in the sector provides a new opportunity for production companies, which have not yet exploited these rights, to benefit from the revenues generated thereby, and for distributors to obtain valuable new rights from which to generate sales commission. Additionally, as new forms of delivery emerge, such as video on demand, high definition television, IPTV and mobile applications, new revenue streams are expected to materialise for those able to offer suitable content.

The Directors believe the Acquisitions meet the Company's criteria for growth by acquisition and will help capitalise on the available market opportunity.

## **3. The Acquisitions**

### ***Prospect Pictures Limited***

The company is a major producer of weekday mid afternoon entertainment programmes comprising cookery and other lifestyle television. It has a high volume of low cost productions and has recurring output deal contracts, which provide relatively stable and visible earnings.

The total consideration for the acquisition is £7.05 million, comprising £3.35 million in cash, £0.18 million in loan notes and £3.52 million to be satisfied by 4,406,250 new Ordinary Shares. Further details of the acquisition are set out in Part 2 of this document.

### ***September Holdings Limited***

The company is a major producer of 'factual entertainment' for TV media channels headed by David Green, an internationally renowned producer and director. An important part of the business of September Holdings Limited is in the US, with a full time operating office in Los Angeles. Its credits include 'Bridezillas' in its fourth season for Women's Entertainment channel in the US and 'the Hollywood' brand now transmitting its thirteenth series for ITV1. It retains the international exploitation rights to these programmes, which it exploits through its in-house distribution arm.

The total consideration for the acquisition is £9.06 million, comprising £4.53 million in cash and £4.53 million to be satisfied by 5,662,152 new Ordinary Shares. Further details of the acquisition are set out in Part 2 of this document.

### ***West Park Pictures Limited***

The company is a producer of documentary content with an international flavour. It has established links with well known UK presenter personalities, including Stephen Fry, and also produces works for Prince Charles' artistic foundation.

The total consideration for the acquisition is £2.96 million, comprising £1.48 million in cash and £1.48 million to be satisfied by 1,850,391 new Ordinary Shares. Further details of the acquisition are set out in Part 2 of this document.

#### 4. Summary financial information

##### (i) *Prospect Pictures Limited*

	<i>Unaudited 12m to 30 September 2005 £000</i>	<i>Unaudited 12m to 30 September 2006 £000</i>	<i>Unaudited 7m to 30 April 2007 £000</i>
Turnover	7,207	6,390	4,839
Gross profit	1,650	1,479	1,570
Operating profit	328	407	1,074
Profit before tax	365	474	1,090
Profit after tax	253	339	796
Net assets	23	362	1,158

##### (ii) *September Holdings Limited*

	<i>Audited 12m to 31 December 2004 £000</i>	<i>Audited 12m to 31 December 2005 £000</i>	<i>Unaudited 12m to 31 December 2006 £000</i>
Turnover	7,124	5,100	7,329
Gross profit	2,526	1,624	2,898
Operating (loss)/profit	(290)	(52)	707
(Loss)/profit before tax	(303)	(76)	669
(Loss)/profit after tax	(284)	(74)	629
Net assets	892	820	1,460

##### (iii) *West Park Pictures Limited*

	<i>Unaudited 12m to 31 March 2006 £000</i>	<i>Unaudited 12m to 31 March 2007 £000</i>	<i>Unaudited 2m to 31 May 2007 £000</i>
Turnover	612	1,098	26
Gross profit/(loss)	237	307	(25)
Operating profit/(loss)	41	58	(55)
Net (liabilities)/assets	(33)	25	(30)

#### 5. Current trading and prospects for the Enlarged Group

The Company announced its interim results for the six months to 31 December 2006 on 30 March 2007. In it the Company noted that “the Directors are satisfied that the new subsidiaries are performing according to expectations, and that the pre-existing operations are also in line with those expectations”. It also noted that “the Directors are comfortable with their overall full year expectations”, which remains the case.

The Directors believe that the prospects for the TV production business remain positive, and that the benefits to the sector of the Codes of Practice approved by Ofcom in 2004, which enabled independent producers to retain the international exploitation rights to content commissioned by the major UK terrestrial broadcasters, remain applicable following the Acquisitions. The Directors expect the Enlarged Group to be able to gain further and better access to the broadcasting marketplace following Completion as the production companies to be acquired have existing trading histories in areas not previously covered by the Group and hence have in place relationships with broadcasters, particularly in the UK and USA, which the Group has not previously enjoyed. Additionally these companies have been acquired with productions at various stages of development and/or commissioning.

The Directors further believe that these acquisitions will help to smooth the Company’s existing profile of profits and cashflow, which have been largely the result of producing a small number of relatively high turnover projects. In particular, Prospect Pictures Limited has a contract to produce daily cooking programmes over most weeks of the year, which is expected to result in regular and predictable revenues.

The Directors expect the Acquisitions to generate significant additional revenues for the Company's in-house distribution division, as they produce content suitable for international exploitation.

## **6. The Fundraising**

In order to part finance the Acquisitions, the Company proposes to raise approximately £8.5 million (before expenses) through the issue of the Placing Shares at the Placing Price, which represents a discount of 4.8 per cent. to the closing middle market price of 0.84p per Existing Share on 10 July 2007, being the last practicable date prior to the publication of this document, after taking account of the Consolidation. The Placing Shares will represent 20.02 per cent. of the Company's issued share capital immediately following Admission.

In addition, the Company has agreed in principle to raise £4 million in convertible loan from certain institutional investors. Completion of the Acquisitions and the Placing is conditional on finalisation of the loan note documentation, which is expected to be in place by 3 August 2007. Such documentation will be based on the documentation in respect of the Company's existing convertible loan notes. The principal proposed terms are as follows: a coupon of LIBOR plus 2.5 per cent. per annum whilst the notes have a second priority lien, reducing to LIBOR plus 1.5 per cent. after the notes are granted a first priority lien; an initial conversion price of 88p (that is 110 per cent. of the Placing Price); a maturity of 5 years; an interest make-whole provision and investor options to require the Company to repay the notes in January 2010 and January 2011.

### ***The Placing Agreement***

Pursuant to the terms of the Placing Agreement, Evolution has conditionally agreed to use its reasonable endeavours, as agent for the Company, to place the Placing Shares with certain institutional and other investors. The Placing has been fully underwritten by Evolution. The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the EGM, the Acquisition Agreements having been completed (save as to Admission) and Admission becoming effective on or before 8.00 a.m. on 7 August 2007 (or such later time and/or date as the Company and Evolution may agree, but in any event by no later than 8.00 a.m. on 21 August 2007).

The Placing Agreement contains warranties from the Company in favour of Evolution in relation to, *inter alia*, the Acquisitions, the accuracy of the information in this document and other matters relating to the Enlarged Group and its business. In addition, the Company has agreed to indemnify Evolution in relation to certain liabilities it may incur in respect of the Placing. Evolution has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties or on the occurrence of a *force majeure* event.

Under the Placing Agreement and subject to it becoming unconditional in all respects and not being terminated in accordance with its terms, the Company has agreed to pay Evolution a commission of 5 per cent. of the aggregate value of the Placing Shares at the Placing Price, together with any applicable value added tax. In the event that the Placing Agreement is terminated or fails to become unconditional in all respects the Company has agreed, in certain limited circumstances, to pay Evolution an advisory fee not exceeding £50,000.

### ***Settlement and dealings***

Application has been made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will occur on 7 August 2007.

The New Ordinary Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares following Admission including the right to receive dividends and other distributions declared following Admission.

## **7. Use of Proceeds**

The Directors intend that the net proceeds of the Placing will be used to part finance the cash consideration and consideration payable in loan notes for the Acquisitions.

## **8. Consolidation**

The Company's share capital is, at present, divided into Ordinary Shares of 0.1 pence each, with a mid market price at the close of business on 10 July 2007 (being the latest practicable date before the publication of this circular) of 0.84 pence.

The Directors are of the view that it would benefit the Company and the Shareholders to reduce the number of Ordinary Shares with a resulting adjustment in the market price of its shares, by consolidating its ordinary share capital on the basis of one new ordinary share of 10 pence for each 100 existing Ordinary Shares.

If any Shareholders would otherwise become entitled to fractions of new Ordinary Shares as a result of the Consolidation, the maximum value of the fractional entitlement based on the Placing Price would be less than 79.2 pence. Accordingly it is proposed to grant to the Directors the power to aggregate the fractions arising and to sell the resulting new ordinary shares in the market and for the net proceeds of the sale of such shares be retained for the benefit of the Company.

In addition, the existing issued ordinary share capital is not exactly divisible by 100, so an additional 58 Ordinary Shares will be provisionally allotted to the Company Secretary and the fractionally entitlement resulting from the Consolidation will be aggregated with the other fractional entitlements to be sold in the market.

If the Consolidation is approved:

- (a) Shareholders who hold their Ordinary Shares in uncertificated form are expected to have their CREST accounts credited with the new Ordinary Shares of 10 pence each in the capital of the Company on 7 August 2007; and
- (b) in respect of Shareholders who hold their Ordinary Shares in certificated form, new certificates for the new Ordinary Shares of 10 pence each in the capital of the Company will be despatched by 14 August 2007. Temporary certificates of title will not be issued and certificates of existing Ordinary Shares would not be valid from 4.30 p.m. on 13 August 2007 and should be destroyed upon receipt of certificates in respect of the new Ordinary Shares. Pending despatch of the definitive certificates in respect of the new Ordinary Shares, transfers of the new Ordinary Shares held in certificated form will be certified against the register.

## **9. Extraordinary General Meeting**

Set out on pages 15 and 16 of this document is a notice convening the EGM to be held on 6 August 2007 at 30 Farringdon Street, London EC4A 4HJ at 11.00 a.m., at which the Resolutions will be proposed for the purposes of implementing the Acquisitions, the Consolidation and the Placing.

Resolution 1, which will be proposed as an ordinary resolution and which is subject to the passing of Resolutions 2, 3 and 4 and the Placing Agreement becoming unconditional and not being terminated in accordance with its terms, increases the authorised share capital of the Company to £10,458,404 by the creation of 5,000,000.000 new Ordinary Shares.

Resolution 2, which will be proposed as an ordinary resolution and which is subject to the passing of Resolutions 1, 3 and 4 and the Placing Agreement becoming unconditional and not being terminated in accordance with its terms, is to authorise the Directors to allot the New Ordinary Shares in connection with the Acquisitions, the Placing and the issue of the Loan Note Shares and otherwise allot relevant securities as defined in section 80(2) of the Act up to £1,768,816 in nominal value provided that such authority shall expire on the date falling 15 months after the date of the resolution or the next annual general meeting of the Company, whichever is the earlier.

Resolution 3, which will be proposed as a special resolution and which is subject to the passing of Resolutions 1, 2 and 4 and the Placing Agreement becoming unconditional and not being terminated in accordance with its terms, disapplies Shareholders' statutory pre-emption rights in relation to the issue of the Placing Shares, the Loan Note Shares and in respect of shares under certain share options and convertible loan notes and grants further authority to allot equity securities for cash on a non-pre-emptive

basis up to an aggregate nominal amount of £530,645 provided that such authority shall expire on the date falling 15 months after the date of the resolution or the next annual general meeting of the Company, whichever is the earlier.

Resolution 4, which will be proposed as an ordinary resolution and which is subject to the passing of Resolutions 1, 2 and 3 and the Placing Agreement becoming unconditional and not being terminated in accordance with its terms, seeks shareholder approval of the Consolidation so that the authorised share capital of the Company will be £10,458,404, divided into £100,000,000 ordinary shares of 10 pence each and 50,933,729 Deferred Shares, and also authorises the proceeds of the sale of fractional entitlements arising from the consolidation to be retained for the benefit of the Company.

#### **10. Action to be taken**

**A Form of Proxy for use at the EGM accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned as soon as possible, and, in any event, so as to be received by the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 11.00 a.m. on 4 August 2007. Completion and return of a Form of Proxy will not preclude a Shareholder from attending the EGM and voting in person should they so wish.**

#### **11. Recommendation**

**The Directors consider the Acquisitions, the Consolidation and the Placing to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the EGM as they have irrevocably undertaken to do so in respect of their beneficial holdings amounting to, in aggregate 609,559,147 Existing Shares (representing approximately 19.97 per cent. of the existing issued share capital of the Company).**

Yours sincerely

**David Keith Elstein**  
*Non-executive Chairman*

## PART 2

### SUMMARY OF THE PRINCIPAL TERMS OF THE ACQUISITION AGREEMENTS

#### (i) Prospect Pictures Limited (“Prospect”)

On 11 July 2007 the Company entered into the Prospect Acquisition Agreement with the Prospect Vendors under which the Company conditionally agreed to acquire the entire issued share capital of Prospect for a total consideration of £7.05 million (the “Prospect Consideration”).

The Prospect Consideration will be satisfied as follows:

- (a) by the payment by the Company to the Prospect Vendors on Completion of approximately £3.35 million in cash;
- (b) by the allotment and issue of loan notes in an aggregate principal amount of approximately £0.18 million; and
- (c) by the allotment and issue to the Prospect Vendors at the Placing Price on Completion credited as fully paid of 4,406,250 new Ordinary Shares.

The Prospect Acquisition Agreement is conditional, *inter alia*, upon (i) the Resolutions being passed at the EGM, (ii) the Placing Agreement becoming unconditional in accordance with its terms, other than as to any condition relating to completion of the Acquisition Agreements having occurred and any condition relating to, or which is required to be satisfied, immediately prior to Admission and (iii) the Company entering into binding documentation in respect of new debt financing of up to £4,000,000 and such documentation becoming unconditional in accordance with its terms, other than as to any condition relating to completion of the Acquisition Agreements having occurred.

The Prospect Vendors have given the Company normal commercial warranties and certain indemnities in relation to Prospect’s business and the shares being acquired and have also agreed to grant the Company certain indemnities relating to tax issues.

If the Prospect Acquisition Agreement is terminated due to non-satisfaction of these conditions, the Company is liable to indemnify the Prospect Vendors in respect of certain costs incurred by them in respect of the Acquisition, up to a maximum of £50,000 (excluding VAT).

#### (ii) September Holdings Limited (“September”)

On 11 July 2007 the Company entered into the September Acquisition Agreement with the September Vendors under which the Company conditionally agreed to acquire the entire issued share capital of September for a total consideration of £9.06 million (the “September Consideration”).

The September Consideration will be satisfied as follows:

- (a) by the payment by the Company to the September Vendors on Completion of £4.53 million in cash; and
- (b) by the allotment and issue to the September Vendors at the Placing Price on Completion credited as fully paid of 5,662,152 new Ordinary Shares.

The September Acquisition Agreement is conditional, *inter alia*, upon (i) the Resolutions being passed at the EGM, (ii) the Placing Agreement becoming unconditional in accordance with its terms, other than as to any condition relating to completion of the Acquisition Agreements having occurred and any condition relating to, or which is required to be satisfied, immediately prior to Admission and (iii) the Company entering into binding documentation in respect of new debt financing of up to £4,000,000 and such documentation becoming unconditional in accordance with its terms, other than as to any condition relating to completion of the Acquisition Agreements having occurred. If the September Acquisition Agreement is terminated due to non-satisfaction of these conditions, the Company is liable to indemnify the September Vendors in respect of certain costs incurred by them in respect of the Acquisition, up to a maximum of £200,000 (excluding VAT).

The September Vendors have given the Company normal commercial warranties and certain indemnities in relation to September's business and the shares being acquired and have also agreed to grant the Company certain indemnities relating to tax issues.

**(iii) West Park Pictures Limited ("West Park")**

On 11 July 2007 the Company entered into the West Park Acquisition Agreement with the West Park Vendors under which the Company conditionally agreed to acquire the entire issued share capital of West Park for a total consideration of £2.96 million (the "West Park Consideration").

The West Park Consideration will be satisfied as follows:

- (a) by the payment by the Company to the West Park Vendors on Completion of £1.48 million in cash; and
- (b) by the allotment and issue to the West Park Vendors at the Placing Price on Completion credited as fully paid of 1,850,391 new Ordinary Shares.

The West Park Acquisition Agreement is conditional, *inter alia*, upon (i) the Resolutions being passed at the EGM, (ii) the Placing Agreement becoming unconditional in accordance with its terms, other than as to any condition relating to completion of the Acquisition Agreements having occurred and any condition relating to, or which is required to be satisfied, immediately prior to Admission and (iii) the Company entering into binding documentation in respect of new debt financing of up to £4,000,000 and such documentation becoming unconditional in accordance with its terms, other than as to any condition relating to completion of the Acquisition Agreements having occurred.

The West Park Vendors have given the Company normal commercial warranties and certain indemnities in relation to West Park's business and the shares being acquired and have also agreed to grant the Company certain indemnities relating to tax issues.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### DCD Media Plc

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3393610)*

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting of DCD Media Plc (the “**Company**”) will be held at 30 Farringdon Street, London EC4A 4HJ at 11.00 a.m. on 6 August 2007 to consider and, if thought fit, to pass the following resolutions of which resolution 1, resolution 2 and resolution 4 will be proposed as ordinary resolutions of the Company and resolution 3 will be proposed as a special resolution of the Company:

### ORDINARY RESOLUTIONS

1. **THAT**, conditional upon the passing of Resolutions 2, 3 and 4 and the Placing Agreement as defined in the circular to shareholders of the Company dated 11 July 2007 (the “**Circular**”) becoming unconditional in all respects (save only for Admission (as defined in the Circular) and the passing of this resolution) and it not being terminated in accordance with its terms and in substitution for any equivalent authority that may have been given to the directors of the Company prior to the date of the passing of this resolution, the authorised share capital of the Company be increased to £10,458,404 by the creation of 5,000,000,000 new ordinary shares of 0.1 pence each ranking *pari passu* in all respects with the existing Ordinary Shares of 0.1 pence each in the capital of the Company.
2. **THAT**, conditional upon the passing of Resolutions 1, 3 and 4 and the Placing Agreement becoming unconditional in all respects (save only for Admission and the passing of this resolution) and it not being terminated in accordance with its terms and in substitution for any equivalent authority which may have been given to the directors of the Company prior to the date of the passing of this resolution, the directors be and they are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (the “**Act**”) to exercise all powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) provided that this authority shall be limited to:
  - (a) the allotment of ordinary shares up to an aggregate nominal value of £2,708,925 pursuant to the Acquisitions, the Placing and the issue of the Loan Note Shares (as such terms are defined in the Circular);
  - (b) the allotment of ordinary shares of an aggregate nominal value of £56,250 in respect of options granted, or to be granted, to employees and other persons;
  - (c) the allotment of ordinary shares up to an aggregate nominal value of £936,886 in connection with the grant of conversion rights to £8 million secured convertible loan notes issued to certain investors pursuant to a convertible loan note executed by the Company dated 16 December 2005; and
  - (d) the allotment (otherwise than pursuant to paragraphs (a), (b) and (c) above) of relevant securities up to an aggregate nominal amount of £1,768,816

and unless previously renewed, revoked, varied or extended by the Company in general meeting, this authority shall expire at the earlier of the date which is 15 months from the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company provided that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

## **SPECIAL RESOLUTION**

3. **THAT**, conditional upon the passing of Resolutions 1, 2 and 4 and the Placing Agreement becoming unconditional in all respects (save only for Admission and the passing of this resolution) and it not being terminated in accordance with its terms, and in substitution for any existing power given to the directors pursuant to section 95 of the Act, the directors be and they are empowered pursuant to section 95(1) of the Act to allot equity securities (as defined in section 94(2) of the Act) of the Company for cash pursuant to the authority of the directors under section 80 of the Act conferred by Resolution 1, and/or where such an allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the Act, as if section 89(1) of the Act did not apply to any such allotment provided that the power conferred by this resolution shall be limited to:
- (a) the allotment of ordinary shares of up to an aggregate nominal value of £1,517,046 pursuant to the Placing and the issue of the Loan Note Shares;
  - (b) the allotment of ordinary shares of an aggregate nominal value of £56,250 in respect of options granted, or to be granted, to employees and other persons;
  - (c) the allotment of ordinary shares up to an aggregate nominal value of £936,886 in connection with the grant of conversion rights to £8 million secured convertible loan notes issued to certain investors pursuant to a convertible loan note executed by the Company dated 16 December 2005; and
  - (d) the allotment of equity securities in connection with an invitation or offer of equity securities to the holders of ordinary shares in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in section 162A(3) of the Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and
  - (e) the allotment (otherwise than pursuant to sub-paragraphs (a), (b), (c) and (d) above) of equity securities up to an aggregate nominal value equal to £530,645

and unless previously renewed, revoked, varied or extended by the Company in general meeting this power shall expire on the earlier of the conclusion of the next annual general meeting of the Company and the date falling 15 months after the date of the passing of this resolution, provided that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

## **ORDINARY RESOLUTION**

4. **THAT**, conditional upon the passing of Resolutions 1, 2 and 3 and the Placing Agreement becoming unconditional in all respects (save only for Admission and the passing of this resolution):
- (a) every one hundred issued and unissued ordinary shares of 0.1 pence each in the capital of the Company be and is hereby consolidated with immediate effect into one ordinary share of 10 pence each but otherwise with the same rights attached to them in the articles of association of the Company, so that the authorised share capital of the Company shall be £10,458,404 divided into 100,000,000 Ordinary Shares of 10 pence each and 50,933,729 Deferred Shares of 0.9 pence each; and

- (b) the fractional entitlements of the ordinary shares of 10 pence that would otherwise arise from the consolidation referred to in paragraph (a) of this resolution be aggregated and the resulting ordinary shares of 10 pence each be sold in the market for the benefit of the Company.

*Registered Office:*  
30 Farringdon Street  
London EC4A 4HJ

By order of the Board:

John Bottomley  
*Company Secretary*  
11 July 2007

Notes:

1. A member entitled to receive notice, attend and vote at the extraordinary general meeting is entitled to appoint a proxy or proxies to attend and, vote instead of him. Such proxy need not be a member of the Company. Completion and return of a form of proxy does not preclude your attendance at the meeting and voting in person if you so wish. To be valid, the instrument appointing a proxy, together with if appropriate, a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, must reach the offices of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time fixed for the holding of the meeting. A pre-paid form of proxy accompanies this notice.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members of the Company in order to have the right to receive notice, attend and vote at the extraordinary general meeting is 11.00 a.m. on 4 August 2007 or 48 hours before the time of adjournment of the meeting. Changes to entries on the register of members of the Company after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
3. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy, but the vote of the first named on the register of members will be accepted to the exclusion of the other joint holders.

